

Rating Action: N.V. Luchthaven Schiphol

Moody's downgrades Luchthaven Schiphol to A1; stable outlook

Approximately EUR1 billion of debt affected

London, 14 May 2008 -- Moody's Investors Service has today downgraded the senior unsecured debt rating of N.V. Luchthaven Schiphol ("Schiphol") and its subsidiary Schiphol Nederland B.V. to A1 from Aa3. The rating outlook is stable. This downgrade concludes the rating review initiated on 1 April 2008.

The downgrade reflects the higher debt burden that Schiphol is expected to carry following its decision to pay a special dividend of EUR500 million in 2008 together with an amount of up to EUR500 million in 2009. While the 2009 special dividend amount is not yet confirmed, the A1 rating accommodates an amount of up to EUR500 million. Moody's does not expect that special dividends will be a permanent feature of Schiphol's financial arrangements, and this appears to be a one-off reconfiguration of the capital structure.

The stable outlook reflects Moody's expectation that Schiphol will see moderate but consistent revenue growth, will undertake a regular capital expenditure programme, and that no further special dividends will be made within the short to medium term.

According to Moody's definition, Schiphol is a Government-Related Issuer. As such, its final rating is determined by an assessment of its standalone credit quality (expressed as a Baseline Credit Assessment), and factors pertaining to the likelihood of extraordinary support being provided by its main shareholder, the Government of the Kingdom of the Netherlands (Aaa, stable outlook) if this were ever required (through the assignment of a Support factor and a Dependence factor). Moody's has not changed its view of the Support factor or Dependence factor as a result of this rating review.

Schiphol's A1 rating reflects the combination of the following inputs: (a) a Baseline Credit Assessment of 7 (equivalent to A3 on Moody's Global Rating Scale), (b) the Aaa local currency rating of the Government of the Kingdom of the Netherlands, (c) low Dependence, and (d) medium Support. The Baseline Credit Assessment of 7 reflects: (1) Schiphol Group's ownership of the fourth largest airport in Europe and other Netherlands airports, (2) its expected debt profile after the payment of the special dividends, (3) its relatively high exposure to transfer traffic and reliance on Air France KLM, and (4) its moderate capital expenditure programme, and (5) certain operational constraints which may impede the pace of volume growth in future years.

The low Dependence recognises that factors other than domestic economic performance have a material impact on Schiphol, e.g. propensity for international travellers to visit the Netherlands, the propensity for passengers to spend at the airports, and the success of airlines attracting transfer traffic to Amsterdam Airport. The medium Support reflects the ownership by the Dutch Government and Amsterdam and Rotterdam Municipalities, which may at some point be reduced as part of a privatisation process, but will very likely remain at a minimum of 50.1% over the long term, together with Schiphol's role as a critical component of the Netherlands' international transport network.

The stable outlook recognises that Schiphol's financial profile will weaken in two steps over the period 2008 / 2009 as the special dividends are paid in those two years. Schiphol's rating speaks to the expected credit profile post the 2009 special dividend payment. While not anticipated, the rating could be downgraded if Schiphol's financial profile deteriorates to the extent that any of the following ratios fall consistently below the identified levels (i) Cash Interest Coverage below 3.5 times, (ii) FFO / Debt below 12.5% or (iii) Moody's DSCR below 3.5x (see Moody's rating methodology "Operational Airports outside of the United States" for definitions).

Furthermore, given the larger borrowing requirement going forward, it is important that Schiphol maintain an adequate liquidity profile (defined as comfort that Schiphol could withstand a period of inability to access markets for up to one year using committed facilities and cash and cash equivalents), and failure to do so for an extended period of time could result in a downwards move in the rating. Moody's also notes that following Schiphol's recent credit rating downgrades, Schiphol's rating from one credit rating agency is now at the level at which it would be required to post collateral to support the EUR150 million European Investment Bank Loan if its rating were to be downgraded further.

Following this rating action, the following ratings are outstanding.

N.V. Luchthaven Schiphol / Schiphol Nederland B.V.:

Programme rating and all debt issued under EUR1 billion Euro Medium-Term Note Programme -- A1

Moody's last rating action was on 1 April 2008 when the ratings were placed on review for downgrade.

N.V. Luchthaven Schiphol is the holding company for a group that owns Amsterdam Airport Schiphol together with other Dutch airports. It had total assets of EUR4.287 billion as at 31 December 2007 and pre-tax profits of EUR395 million for the year then ended.

London
Stuart Lawton
Managing Director
European Corporates
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

London
Andrew Blease
Senior Vice President
European Corporates
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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